



# House of Representatives

General Assembly

**File No. 108**

January Session, 2009

House Bill No. 6448

*House of Representatives, March 19, 2009*

The Committee on Insurance and Real Estate reported through REP. FONTANA, S. of the 87th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

## **AN ACT CONCERNING DISCLOSURE OF INSURANCE REQUIREMENTS IN EQUIPMENT LEASES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 42-404 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2009*):

3 (a) A lessor may require that the lessee maintain casualty insurance  
4 on the leased goods, or liability insurance against personal injury or  
5 property damage caused to others, or both, during the period of the  
6 lease. If a lessor requires that the lessee maintain either casualty or  
7 liability insurance, or both, [unless the insurance is included in the  
8 lease for no additional charge,] the lessor shall disclose in a  
9 conspicuous manner in a record: (1) Whether the insurance is included  
10 in the lease for no additional charge; (2) if the insurance is not included  
11 in the lease or if there is an additional charge for obtaining insurance  
12 through the lessor, that the lessee may purchase the required insurance  
13 from an insurer of the lessee's choice, subject to the lessor's right to  
14 reject that insurer for reasonable cause; and (3) that the insurance

15 policies offered by the lessor may duplicate coverage already provided  
16 by a lessee's personal insurance policies.

17 (b) If casualty insurance on the leased goods is neither required nor  
18 provided in a consumer lease, the lease must contain or be  
19 accompanied by a conspicuous statement in a record substantially as  
20 follows: "No insurance coverage for physical damage to the leased  
21 goods, or loss of the leased goods, is provided under this lease."

22 (c) A lessor may not require the lessee to purchase credit life,  
23 accident, health, loss-of-income or similar insurance in connection with  
24 a consumer lease. If a lessor provides such insurance in connection  
25 with a consumer lease:

26 (1) The lessor shall disclose in a record that the insurance is not  
27 required; and

28 (2) The lessee's election to purchase the insurance is effective only if  
29 after receiving the disclosure the lessee separately signs a record  
30 requesting the insurance.

31 (d) If a lessee becomes obligated to pay an amount for insurance  
32 provided by or through the lessor, the lessor shall furnish or arrange to  
33 have furnished to the lessee a copy of the policy or certificate of  
34 insurance.

35 Sec. 2. Section 42-390 of the general statutes is repealed and the  
36 following is substituted in lieu thereof (*Effective October 1, 2009*):

37 Sections 42-270 to 42-271a, inclusive, and 42-390 to 42-434, inclusive,  
38 may be cited as the [Uniform] Consumer Leases Act.

39 Sec. 3. (NEW) (*Effective October 1, 2009*) (a) If any insurance is  
40 required to be obtained for a lease pursuant to subsection (e) of section  
41 42a-2A-305 of the general statutes, any such agreement as set forth in  
42 said subsection shall disclose in a conspicuous manner: (1) Whether  
43 the insurance is included in the lease for no additional charge; (2) if the  
44 insurance is not included in the lease or if there is an additional charge

45 for obtaining insurance through the lessor, that the lessee may  
46 purchase the required insurance from an insurer of the lessee's choice,  
47 subject to the lessor's right to reject that insurer for reasonable cause;  
48 and (3) that the insurance policies offered by the lessor may duplicate  
49 coverage already provided by a lessee's personal insurance policies.

50 (b) If insurance on the leased goods is neither required nor provided  
51 in such lease or by agreement, the lease must contain or be  
52 accompanied by a conspicuous statement in a record substantially as  
53 follows: "No insurance coverage for the leased goods, or loss of the  
54 leased goods, is provided under this lease."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2009</i>	42-404
Sec. 2	<i>October 1, 2009</i>	42-390
Sec. 3	<i>October 1, 2009</i>	New section

**INS**      *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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***OFA Fiscal Note******State Impact:*** None***Municipal Impact:*** None

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**OLR Bill Analysis****HB 6448*****AN ACT CONCERNING DISCLOSURE OF INSURANCE  
REQUIREMENTS IN EQUIPMENT LEASES.*****SUMMARY:**

This bill expands disclosure requirements under the Uniform Consumer Leases Act about insurance a lease agreement may require. By law, a lease agreement may require a consumer to maintain casualty insurance on the leased goods, liability insurance against personal injury or property damage caused to others, or both, during the lease period.

The bill applies its insurance disclosure requirements to a lease that is subject to the Uniform Commercial Code (UCC). The UCC allows the parties to a lease to agree upon (1) who must obtain and pay for insurance and (2) the insurance beneficiary.

The bill changes the name of Connecticut's Uniform Consumer Leases Act to the Consumer Leases Act.

EFFECTIVE DATE: October 1, 2009

**REQUIRED DISCLOSURE**

The bill requires a leaseholder to conspicuously disclose three things in a "record" (information inscribed on a tangible medium or stored in an electronic or other medium that is retrievable in a perceivable form):

1. whether required insurance is included in the lease for no additional charge;
2. that, if required insurance is not included in the lease or there is

an additional charge for obtaining insurance through the leaseholder, the consumer may purchase the insurance from any insurer, subject to the leaseholder's right to reject for reasonable cause; and

3. that insurance the leaseholder offers may duplicate coverage a consumer's personal insurance policies already provide.

Existing law requires only that, if the agreement does not provide required insurance at no additional cost to the consumer, the leaseholder must disclose in a record that the consumer may purchase insurance from any insurer, subject to the leaseholder's right to reject for reasonable cause.

Under current law, if casualty insurance is neither required nor provided, the agreement must state this or be accompanied by a record that substantially states, "No insurance coverage for physical damage to the leased goods, or loss of the leased goods, is provided under this lease." The bill requires this statement be conspicuous.

By law, if a lease obligates a consumer to pay for insurance the leaseholder provides, the leaseholder must either give a copy of the policy or insurance certificate to the consumer or arrange for it to be provided.

### **COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable

Yea    19    Nay   0    (03/05/2009)